

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
BOND FINANCING PROGRAM**

Meeting Date: January 21, 2014

Request for Extension of Initial Resolution

Prepared by: *Andrea Gonzalez*

Applicant: CarbonLITE Industries, LLC and/or its Affiliates	Amount Requested: \$47,240,000
Project Location: City of Riverside (Riverside County)	Application No.: 00845(SB)
	Initial Resolution No.: 11-02
	Prior Actions: IR Approved 01/25/2011

Summary. CarbonLITE Industries, LLC and/or its Affiliates (the “Company”) requests approval of an extension to Initial Resolution No. 11-02 for an amount not to exceed \$47,240,000 to finance building improvements and the acquisition and installation of various equipment to recycle Polyethylene terephthalate (PET) plastic. The Initial Resolution was approved on January 25, 2011 for an amount not to exceed \$47,240,000. The Company requests the extension to permit completion of the financing.

Borrower. The Company was organized in Delaware on March 5, 2010 and specializes in the recycling of PET plastic in Riverside. Used plastic bottles are collected from municipal curbside systems and deposit centers throughout Riverside and delivered to the Company’s facilities. The Company then processes the used plastic bottles into bottle-grade PET resin flakes and pellets that can then be used to manufacture new plastic beverage bottles and other products.

The Company is owned by over 30 stakeholders, both individuals and Trusts, with ownership amounts varying from less than 1% to 18%. The principal stockholders of the Company are as follows:

HPC Industries (owned by Leon Farahnik)	18.00%
CLI Mason, LLC (primarily owned by the Shapiro family)	15.40%
Max California Associates (ACA General Partnership)	4.23%
Various Individuals/Trusts (a total of over 30 stakeholders with ownership under 3.5% each)	<u>62.37%</u>
Total:	<u>100.00%</u>

Legal Questionnaire. The Staff has reviewed the Company’s responses to the questions contained in the Legal Status portion of the Application. No information was disclosed in the Legal Status portion of the Application that raises questions concerning the financial viability or legal integrity of this applicant.

Project Description. The project consists of building improvements to a 220,000 square foot leased site including offices and employee facilities, as well as the acquisition and installation of a wash line, water treatment equipment, bottle sorting equipment, material handling systems, and miscellaneous auxiliary and support equipment to facilitate the recycling process of PET plastic. The project was completed in 2012 and is fully operational.

Agenda Item 4.B.

Volume Cap Allocation. The Company anticipates applying to the Authority for volume cap allocation in April of 2014.

Financing Details. The Company is requesting this Initial Resolution extension in anticipation of issuing negotiated tax exempt bonds.

Financing Team.

Underwriter: Westhoff, Cone & Holmstedt

Bond Counsel: Orrick, Herrington & Sutcliffe

Issuer's Counsel: Office of the Attorney General

Staff Recommendation. Staff recommends approval of an extension to Initial Resolution No. 11-02 for CarbonLITE Industries, LLC and/or its Affiliates for an amount not to exceed \$47,240,000.

Note: An Initial Resolution approval is not a commitment that the Board will approve a Final Resolution and bond financing of the proposed Project.

Initial Resolution No. 11-02
Application No. 845 (SB)

**EXTENSION
OF INITIAL RESOLUTION TO ISSUE BONDS TO FINANCE
SOLID WASTE DISPOSAL FACILITIES AND EQUIPMENT
FOR CARBONLITE INDUSTRIES, LLC AND/OR ITS AFFILIATES**

January 21, 2014

WHEREAS, on January 25, 2011, the California Pollution Control Financing Authority (“Authority”) adopted its Initial Resolution No. 11-02 (the “Initial Resolution”) for CarbonLITE Industries, LLC and/or its affiliates (the “Company”) for the financing of the acquisition, installation and construction of offices and employee facilities, bottle sorting equipment, a wash line, water treatment equipment, solid state polymerization line, material handling systems, and other equipment to facilitate the recycling and processing of PET plastic, as more fully described in the Company’s application (collectively, the “Project”) and to be owned and/or operated by the Company, the estimated maximum cost of which is shown in Exhibit “A” to the Initial Resolution; and

WHEREAS, the Company has requested that the Initial Resolution be further extended in order to permit completion of financing of the project described in the Initial Resolution;

NOW, THEREFORE, BE IT RESOLVED by the California Pollution Control Financing Authority as follows:

Section 1. The Authority finds and determines that the foregoing recitals are true and correct.

Section 2. The Initial Resolution shall remain in full force and effect until January 21, 2017 unless prior thereto the Authority specifically adopts a further resolution extending the effective date of the Initial Resolution. Such a further extension will be considered after receiving a specific request for such action from the Company, accompanied by such further information as the Authority may request.

Section 3. This Resolution shall take effect immediately upon its passage. Except as modified by Section 2, the Initial Resolution remains in full force and effect.